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Evolution of the Soviet Government, 1917-1927

ON November 7 the Soviet Government will have completed ten years of continuous rule in Russia. During this decade the Communist Party, with no more than 1,000,000 enrolled members, has maintained absolute control over the vast Russian federation through periods of war, revolution and famine. It has survived economic isolation and has suppressed internal opposition. It has held the support of its followers and maintained strict party discipline, despite the fact that economic necessity has forced it to abandon many of the theories of Marxian Communism, which it attempted to apply ruthlessly at the outset of the revolution. It has kept alive the doctrine of world revolution while confessing the need of foreign capital for support of Russian industry. A partial explanation of how this minority group has been able to hold its power is afforded by a review of the origin and evolution of Communist policies and a survey of the functions and structure of the Soviet Government today.

The aims and the early activities of the Russian Communist societies established during the quarter century preceding the

revolution of 1917 are important to an understanding of Russia today. It was in the secret councils of these revolutionary groups, organized by Lenin and his followers during the closing years of the Imperial régime, that the political and economic theory as well as the effective party machinery applied in the revolution was developed and perfected. When the disorder and chaos accompanying the Kerensky revolt offered its opportunity to the Bolshevik minority, its leaders were ready with a whole system of government and a political machine strong enough to put it into effect.

The broad outlines of this early history may be quickly reviewed.

While the first Marxist societies were formed in Russia as early as the middle of the nineteenth century, it was not until 1895, when Lenin became the head of a secret organization in St. Petersburg, that the Communist movement actually gained a footing in Russia. The Communist (Bolshevik) Party of today is an outgrowth of the isolated revolutionary groups organized in a number of industrial centers in Russia and drawn together at the first congress of the

Russian Social Democratic Workers' Party in 1898.

ORIGIN OF BOLSHEVIK (MAJORITY) FACTION

Prior to the first congress, there was no party machinery coordinating the activities of the scattered revolutionary groups already in existence. The development of a party machine meant the creation of a new political force, and immediately led to bitter disputes over its control. The rupture between the extreme radical faction of the party and the liberals followed at the Social Democratic Party Congress of 1903. At this congress the radical delegates under Plekhanov and Lenin were in the majority. Opposing the program advanced by the more moderate delegates, they formed a group subsequently known as the Bolshevik (majority), which advocated the overthrow of the Imperial régime by violence and the seizure of supreme power in the name of the working classes, without regard to democratic representation, or the will of the people. The minority group, later known as Menshevik, adopted a more moderate program and refused to subscribe to doctrines of violence, or complete disfranchisement of the middle and upper classes. Like the Labor Party in England and the Socialists in France, Germany and Italy, they planned to secure for themselves first a voice in the state and then the control of the government by relatively peaceful means. They professed to recognize the importance of labor in the new state but were not prepared to take supreme power in the name of the masses alone.

The Bolshevik group, once separated from the moderates, promptly set about developing its own party mechanism. Delegates were sent by revolutionary organizations in the factories to the periodic party congresses, which were the scene of prolonged discussion of every phase of the revolutionary movement. Here new recruits had an opportunity of showing their powers of leadership and being promoted to the Central Committee, or of revealing their weaknesses and being dropped from the party organization. Direction of affairs was placed in the hands of a small and select Central Com-

mittee, which was the real driving force behind the movement. This committee organized propaganda among the workmen, published revolutionary pamphlets and newspapers for underground distribution, drew up party programs and resolutions, determined policies to be pursued with respect to other revolutionary groups, and called the periodic congresses which usually stamped their measures with approval. From the outset, the Central Committee was composed of intellectuals, not for the most part of proletarian origin. This anomalous condition is still explained by the leaders as a temporary measure awaiting the day when labor, conscious of its own interests, will take the helm. Of the leaders in control of both the party and the government today, the names of many are found on the rosters of the Central Committee of twenty years ago.

During the preparatory period, two basic principles of revolutionary strategy were laid down:

1. The party must remain radical. The Communist leaders rejected all overtures for collaboration advanced by the Menshevik liberals whose policies were considered weak and ineffective.
2. There must be absolute obedience by subordinates in the party. Strict party discipline was instituted, heavily penalizing "political heresy," and excluding from membership all elements which might pervert the purity of the party's revolutionary doctrine.

These principles remain today a basic tenet of the party creed.

FAILURE OF BOLSHEVIKS IN 1905 REVOLUTION

In spite of their determination and resourcefulness, the Bolsheviks failed to reach their goal in the revolution of 1905. The unrest during the period of the Russo-Japanese War marked the rise of Soviets, or local councils of workers, which were the first truly revolutionary organizations representing the lower classes. The Bolsheviks competed with the Mensheviks in trying to secure control over them, but failed and were forced to recognize that the ground had been insufficiently prepared for their triumph. The Mensheviks meanwhile, following the unsuccessful revolution, captured a number of seats in the Duma which had been

organized by the Czar as a concession to the discontented population.

In the years between the first revolution of 1905 and the World War, the Bolsheviks applied the lesson of their failure and redoubled their secret agitation among the workers. But their gains were not comparable to those of the liberals, who succeeded in winning the support of the powerful middle class. Had a popular election been held in 1914, it is entirely probable that the Bolsheviks would again have found themselves in a minority.

At the outbreak of the war the liberal socialists refrained from provoking revolutionary unrest and wholeheartedly supported the government. The Bolsheviks, on the other hand, were irreconcilably opposed to the war. Communist sympathizers in the Duma were imprisoned and many of their secret organizations were wiped out. A few leaders succeeded in escaping abroad and continued their labors in Switzerland. But if the refusal to cooperate with the government was unpopular in 1914, their policy won many supporters as Russian losses mounted during the course of the war.

KERENSKY PERMITS RETURN OF BOLSHEVIKS

When discontent among the masses had increased to the point where a revolution became inevitable in the beginning of 1917 the moderate socialists overthrew the Imperial Government and organized the Kerensky Government. The liberal revolution, however, enabled the Bolsheviks to re-enter the political arena. The release of political prisoners by the Kerensky Government was followed by the return of exiled Bolsheviks from foreign countries. The Bolsheviks concentrated their military support in Kronstadt, outside of Petrograd. Their agitators were everywhere calling for cessation of hostilities, the return of soldiers from the front and the partition of land by the peasants without awaiting the liberal government's action. They exploited the difficulties of the Kerensky Government, which was vainly trying to continue the war against the Central Powers and delaying agrarian reform. The opening of the prisons allowed the lowest

elements of society to spread disorder everywhere.

During the summer of 1917 the Bolsheviks failed to secure a majority in the Soviets of workers and peasants which had sprung into existence in the first days of the revolution. But as their program of peace and distribution of property gained popularity they succeeded in capturing control of a number of important Soviets and winning the support of radical Mensheviks. The Bolsheviks strengthened their position in Petrograd during the autumn, and in November they finally broke down the discipline of the troops, and carried through a successful *coup d'état*. "The provisional government is deposed," read the first Bolshevik proclamation, "the powers of the state have passed into the hands of the organ of the Petrograd Soviet of Workers' and Soldiers' Deputies, the Military Revolutionary Committee standing at the head of the Petrograd proletariat and garrison." At last the theories so long discussed in the secret party congresses could be put into practice.

THE INTRODUCTION OF COMMUNISM, 1917

The amazing transformation in government, industry and commerce wrought by the Communists during the first years of their régime is almost without parallel in history. No summary review of acts or events can begin to describe the kaleidoscopic changes which affected every phase of the existing social order. Thousands of decrees were promulgated by every conceivable Communist agency, from the local Soviet of workers in the cities to the national Soviet Congress in St. Petersburg. With startling speed the Soviet Congress, which was meeting at the time of the *coup d'état*, enacted revolutionary legislation, nationalizing factories and banks, abolishing titles and class distinctions, dismissing the Constituent Assembly, and creating in its place the Soviet of People's Commissars, a small inner council headed by Lenin and vested with almost limitless authority. Miscellaneous decrees were issued instituting accident insurance for workers, changing the procedure of divorce, promulgating the independence of Finland and starting peace negotiations

with Germany. The whole machinery of the Communist party was employed to enforce the decrees and carry out the sweeping legislation.

During the early months the Bolsheviks were supported by the left wing of the Menshevik Party, but the necessity for carrying the revolution into the rural districts and the villages soon broke the alliance. When the shortage of food in the cities threatened the proletariat and the Red armies with starvation Lenin undertook to requisition grain by force and to arm the poorest peasants against the richer peasants and the landowners. The Mensheviks protested against the decrees and finally refused to cooperate further with the Bolsheviks. Opposed by the more moderate radicals as well as by the bourgeoisie, the Communists resorted to the terror to crush all opposition

within and without the ranks of their party. "To crush with arms and without mercy all counter revolutions" became the slogan of the leaders. In a decree issued on June 14, the Central Executive Committee resolved "to exclude from membership the representatives of the parties of the Socialist revolutionaries (Right and Center) and the Mensheviks," and to forbid local Soviets to admit these groups to membership.

Thus almost at the outset the Bolsheviks found themselves alone, a small minority confronted with the problem of maintaining themselves in power and governing a vast unorganized majority. The position of the Bolsheviks, or the Communists, in large measure explains the important role played by the party in the administration of the government, and the structure of the governmental system which they established.

THE COMMUNIST PARTY, SOVIET GOVERNMENT AND THIRD INTERNATIONAL

THE ORGANIZATION OF THE COMMUNIST PARTY

The Communist Party with its powerful organization and its carefully selected membership is the dominant force in the Soviet Government and indirectly controls the mechanism of Soviet trade, industry and finance. Moreover, the party is the chief force in the Third International, an organization created for the purpose of carrying revolutionary propaganda to foreign countries and preparing for the world revolution.

With few exceptions, the same group which took control of the Russian state in 1917 directs the party today. While in a distinct minority in the party, this group maintains its authority by its prestige, its experience in revolutionary government, and its unflinching will to lead.

The present organization is an elaboration of the structure perfected prior to the revolution. At the head is the plenum of the Central Committee, composed of two bureaus—the Political Bureau, and the Administrative Bureau. The highest party position is occupied by Joseph Stalin, who as General Secretary has inherited much of the authority exercised by Lenin.

The plenum, consisting of some twenty regular members and alternates, is elected by the Central Committee, which, like the Party Central Committee before the revolution, is elected by the Party Congress. The Party Congress meeting once a year discusses the general policy of the party and theoretically enjoys supreme authority in all party matters.

At the foot of the party organization are the Communist "cells," or political clubs, composed of all loyal party members in factories, villages and military units. The duties of the cells consist in propagandizing the masses, admitting new members and in general controlling the political activities of non-Communists around them.

The membership of the party has grown from approximately 100,000 in 1917 to about 1,000,000 at the present time, of whom roughly 50 per cent are workmen, 25 per cent peasants and 25 per cent employees and officials.

The party has two important auxiliaries—the Komsomol (Communist Youth Organization) with a membership of almost two million, and the Pioneers (Communist Children's Organization) with a membership

equal to that of the Komsomol. Young people under twenty are admitted to the party only through these organizations.

POWER OF THE COMMUNIST PARTY

The strength of the Communist Party rests on the following facts:

1. The direct relationship between the Communist Party and the Soviet Government is perhaps the greatest secret of the party's strength. At the party congress of 1919, it was resolved that:

"The Communist Party makes it its object to win a decisive influence and complete leadership in all the organizations of the workers . . . In all Soviets it is absolutely necessary to organize the Communist Party groups subject to party discipline. These groups (or 'cells') must comprise all the members of the Communist Party in a given organization. The Communist Party must win for itself domination over the Soviets and actual control over their leaders through a persistent advancement of its own most dependable members to all high positions in the Soviets."

This resolution has been carried out and at the present time, the leading members of the Communist Party reserve for themselves all the important positions in the government.

The interlocking directorates of the Soviet Government, the Communist Party and the Third International may be illustrated by listing the several positions held by the following important party leaders:

Bukharin	Rudsutak
Voroshilov	Rykoff
Zinovieff	Stalin
Kalinin	Tomsky
Mikoyan	Trotsky
Ordjonikidze	Tzurupa
Rakovsky	Chicherin

All of these members of the Central Committee of the Party are also members of the Central Executive Committee of the Soviet Government; eight of them are members of the Political Bureau of the Party, a committee of nine which determines party policy; four of them form the Russian Delegation of the Central Committee of the Third International; and seven are Commissars of the Union. Bukharin, Rykoff and Stalin hold high positions in the Party, the Government and the Third International.

2. Since the exclusion of the Socialists and Mensheviks from the Central Executive Committee by the decree of July, 1918, the Communist Party has been the only organized political group in Russia. During the critical years of the civil war no political opposition from any source was tolerated; all secret organizations of Mensheviks, Social Democrats and Monarchists were abolished as counter-revolutionary organizations threatening the "dictatorship of the proletariat." At the present time delegates to Soviet congresses designate themselves as Communist or "non-party" representatives.

3. The institution of a strict censorship over all spoken and printed matter. The distribution of news in Russia is controlled by the Government, which suppresses all attacks on itself or the Communist Party. The dispatches of foreign correspondents are censored, and news of outside events is frequently distorted to serve the political purposes of the government. Private conversations and correspondence are likewise subject to espionage on the part of the secret police and offenders are subject to extreme punishment. The system of espionage reached its highest development during the civil war but continues in a less pronounced form to the present day.

4. The institution of terror against the class enemies of the proletariat was a recognized principle of party policy from 1918 until 1921. During this period many opponents of the Bolshevik régime were killed or exiled. With the establishment of the New Economic Policy in 1921, the activities of the Extraordinary Commission for the suppression of counter revolution gradually subsided, but there is reason to believe that the number of political prisoners confined in Russia is still large and executions for political offenses are not infrequent.

5. The Communist Party maintains strict discipline among its members. Refusal to obey orders of the authorities is punishable by censure or exclusion from the party. The latter punishment is particularly effective since it deprives the culprit of the opportunity of political advancement and degrades him from a higher to a lower social strata.

6. The Communist Party professes to be the vanguard of the politically conscious pro-

letariat. In bestowing the benefits of its regime on the proletarian class it has succeeded in acquiring a considerable following among the workers. This alone, however, has not been sufficient, since even among the workers there has been at times considerable dissatisfaction with the party rule.

THE STRUCTURE OF THE SOVIET GOVERNMENT

The Soviet, or council, is the organ of authority typical of the whole system of government developed by the Bolsheviks. Village and city Soviets exercise local authority, while county, district and provincial congresses composed of delegates from the local Soviets enjoy legislative and executive powers in their respective spheres. At the head of the government are the Soviet congresses of the autonomous republics and the Union Soviet Congresses.

The Soviet Union is a federation of the autonomous Soviet republics of Russia, the Ukraine, White Russia, Turcomen and Uzbekistan which came into existence following the November revolution of 1917. Prior to the Constitution of 1923 a series of bi-lateral treaties closely bound the administrative organs of the autonomous republics to those of the Russian Soviet republic. In practice supreme authority rested in Moscow. The Constitution of 1923 established a central authority over the existing Soviet Congresses in the autonomous republics, and created a Union Congress, composed of 1517 delegates apportioned among the republics as follows:

Russian Socialist Federal Soviet Republic	1,032
Ukraine	312
White Russia	55
Trans-Caucasian Soviet Federation ...	63
Uzbek Republic	46
Turcomen Republic	9

The authority of the Congress extends over:

1. International affairs.
2. Financial matters affecting the Union; the budget, loans and currency.
3. Control of industry, transport, posts and telegraphs.
4. The direction of foreign and internal trade.
5. Direction of the Army and Navy.
6. Civil and criminal legislation, legal procedure.
7. General supervision over education, public health and protection of labor.
8. Arbitration over all disputes between member republics.

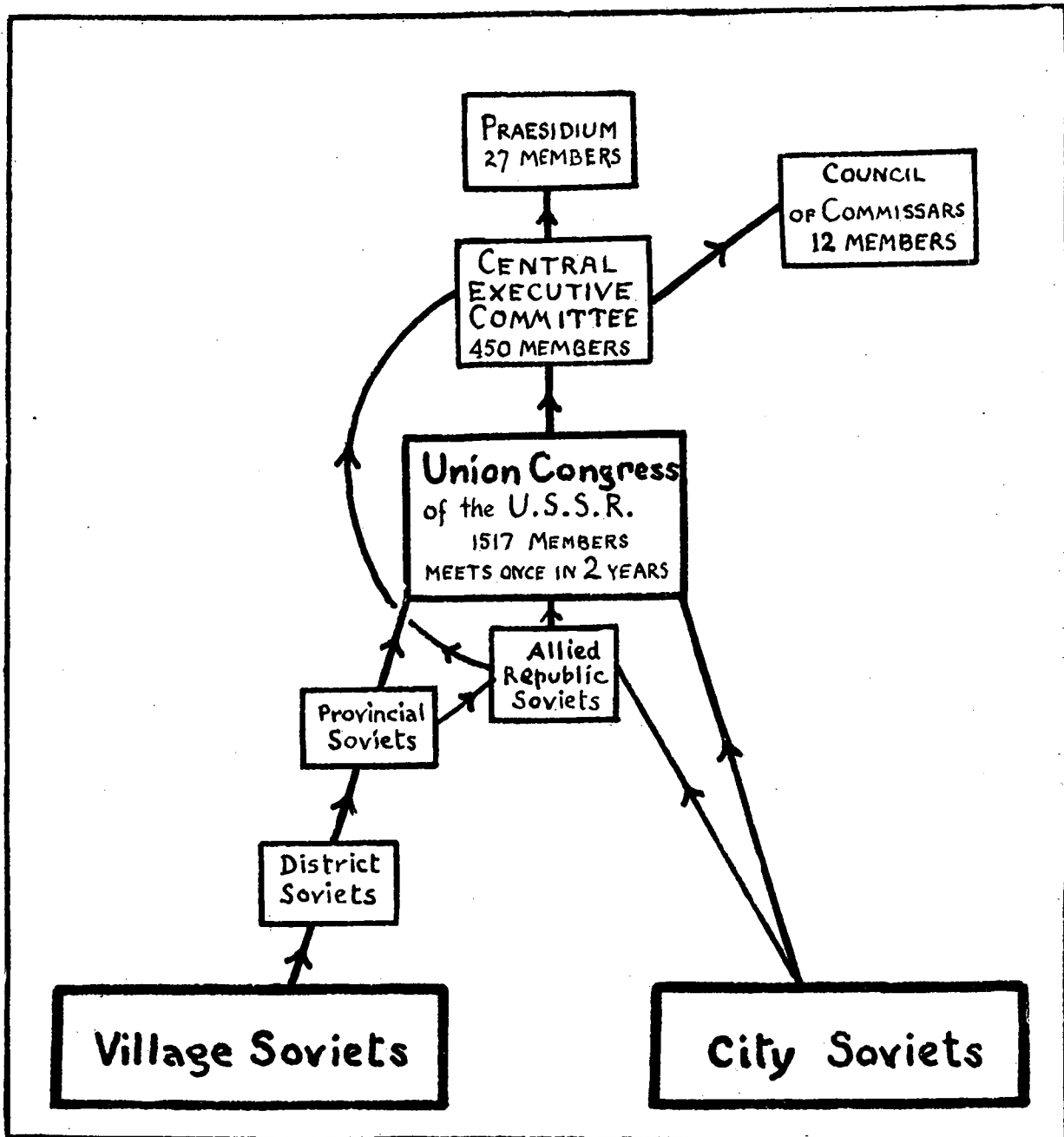
One distinguishing characteristic of the Soviet system of government is the absence of any separation between legislative, executive and administrative functions. All three are vested in the Union Congress, which is convened for a short session once in two years. When the Congress is not in session these functions are vested in the Central Executive Committee of 450 members elected by the Congress, which meets tri-annually. When neither the Union Congress nor the Central Executive Committee are in session the supreme legislative, executive and administrative organ of authority is the Praesidium, composed of 27 members, which controls the activities of the Council of Commissars, the Soviet Ministry, and names seven of the eleven judges of the Supreme Court. The members of the Praesidium and the Central Executive Committee are closely identified with the leaders of the Communist Party, the Third International and the trade unions. The Government's authority is unparalleled, since industry, banking, transportation, communication, agriculture, education, and foreign trade fall under its jurisdiction.

Representation in all the higher organs of Soviet authority is indirect. The individual voter merely elects members of his local city or village Soviet. Delegates are sent by these local bodies, as illustrated by the accompanying diagram, to regional congresses, and by a complicated system of further elections to the Union Congress.

The Union Congress elects a Central Executive Committee which in turn elects a Praesidium. The city voter is thus three steps removed from selecting the members of the Praesidium. The village voter is five steps removed.

The franchise in local elections has been strictly limited by the Constitution. Only soldiers and those who earn a living by productive work have the franchise. The following groups are excluded both from voting and holding office:

1. Those who employ others for the sake of profit.
2. Those who live on income not arising from their own labor, interest on capital,



Prepared by the Foreign Policy Association.

DIAGRAM OF SOVIET GOVERNMENTAL STRUCTURE

- industrial enterprise, landed property, etc.
3. Private business men, middle-men, salesmen.
 4. Monks and priests of all religious denominations.
 5. Criminals, lunatics and members of the former-ruling dynasty.

The procedure of local elections regulated by decrees is as follows: Electoral committees of three members are appointed by the

local Soviets and trade unions under a chairman appointed by the Superior Electoral Committee. These committees are in charge of elections and draw up a register of those disfranchised, which is published a week before the elections. The election is carried out at a meeting conducted by the committee for each factory group, village or trade union branch. A representative of the committee announces the name of a candidate and voting then takes place by a show of

hands. There is no organized opposition to the candidates proposed. The whole process of election is dominated by the local Communist cells.

In order to insure a preponderance of workmen over peasants in the higher Soviets, it is provided that the City Soviets send one delegate for each 25,000 electors to the Union Congress, while the village Soviets send one for each 125,000 residents.

The representation of village Soviets, moreover, is indirect. The accompanying diagram shows the procedure in both cases. The city voters elect their Soviets which send representatives directly to the Union Congress. The village Soviets, however, send representatives only to a district Soviet which in turn sends delegates to a provincial Soviet, and the latter sends the final delegates to the Union Congress.

THE THIRD INTERNATIONAL

Closely allied both to the Communist Party and to the Soviet Government is the Third International,—official organ for spreading Communist propaganda abroad. This body was created in 1919 by the Russian Communist Party, at a period when the guiding thought of the Bolshevik leaders was the necessity of a world revolution, without which the prolonged existence of Communism even in Russia was deemed impossible. In an early proclamation signed by Zinovieff, the work of the Communist International was defined as follows:

"The task of the Communist (Third) International is not only to prepare for the victory and

to lead the working classes during the period of the seizure of power—it is also its task to direct the entire activity of the working classes after the conquest of power."

The first congress of the Third International was called by the Central Committee of the Communist Party. Lenin, Trotsky, Zinovieff, Stalin, Boukharin, Chicherin and others were present as delegates. Gregory Zinovieff was made head of the organization and held the post until the end of 1926, when he was succeeded by Boukharin, another prominent Russian communist.

Some controversy has arisen from time to time as to whether the responsibility for the activities of the Third International can be attributed directly to the Soviet Government. The Communist Party and the Russian Soviets are closely interrelated with the International through interlocking memberships and an interlocking directorate between the two. As recently as August, 1927, M. Rakovsky, Soviet Ambassador to France and a Soviet official of high importance, signed a manifesto of the Third International, which provoked widespread indignation in France. All the Russian representatives in the International are prominent Communists many of whom occupy important posts in the Soviet Government.

While it is now recognized by the Stalin Government that foreign capitalism has become more stable and that there is little probability of an immediate world revolution, the ultimate aim of creating a world dictatorship of the proletariat has never been abandoned.

ECONOMIC POLICIES OF THE SOVIET GOVERNMENT

The application in Russia of the economic theories developed by the Bolshevik leaders, together with the chaotic conditions produced by the war and the revolution, led to the complete collapse of the economic life of the country.

INDUSTRIAL PRODUCTION

Among the first acts of the Soviet Government was the appropriation of the industrial machine and the institution of workers' control. The Supreme Economic Council undertook to supply all factories with all they

needed, not only in raw materials and fuel, but also with food and money to pay the wages of the workers. It proved totally incapable of carrying out this colossal task. Some factories were over-supplied, others had to suspend production altogether. The workers found themselves incapable of managing the industries, and the industrial plant rapidly deteriorated. For a while industry survived upon stocks accumulated prior to the revolution. But in spite of every device to induce the workers to produce and to requisition all available raw materials, indus-

try completely collapsed. The output of coal declined to about 27 per cent of the pre-war output, iron ore to 1.5 per cent, cotton spinning to 5 per cent and the total industrial output to about one-tenth of pre-war capacity.

CURRENCY

The inflation of currency had started during the war. The first revolution gave it an added impetus. Under the Communist control the printing of money was carried on until the cost of the printing of the paper money exceeded its purchasing power. As a consequence, real wages paid in paper currency rapidly declined and it became impossible to purchase any of the necessities of life with Soviet currency. A virtue was made out of this condition by the Communists who held that the depreciation of currency was the best means by which Communism or barter could be put into practice.

TRANSPORTATION

Another vital factor in the Russian economic system which suffered after the war and the Kerensky revolution was railroad transportation. Many of the most important railroads were in the areas occupied by the White forces or the newly formed Baltic states and Poland. Between 1918 and 1922 new rails were not replaced to any extent and few railroad improvements were made. The rolling stock which until 1918 had been around 80 per cent in working condition, rapidly declined under the Soviet management until it was totally inadequate to handle the needs of the country. The physical deterioration was added to by the demoralization both of the railroad administration and the railroad workers. The effect of the breakdown of transport upon industry, trade and agriculture was disastrous.

TRADE

In view of the steady depreciation of currency during the Kerensky revolution, barter had been resorted to by the peasants in exchanging their grain for manufactured articles, but the complete disorganization of trade came about in the first year of the Soviet régime, when private trade was decreed a counter-revolutionary activity. In

its place the Soviet Government attempted to nationalize all the production of labor and redistribute the necessities of life to those who were performing tasks useful to the new state. The policy of securing supplies consisted almost entirely of confiscation and requisition. While the workers in the cities and the Red army were supplied with food, fuel and clothing, the remainder of the population was rapidly impoverished and brought to the verge of starvation. The system of requisition and confiscation had its most serious effect upon the peasants who, unable to purchase the necessary articles with depreciated currency, were now not even allowed to barter their produce.

AGRICULTURE

The agrarian revolution of 1917-18 accomplished what the peasant had long desired — the expropriation of the landlord and the distribution of the large estates among the peasants. But as it worked out, the actual benefit to the individual was very small. It is estimated that about 16 million "dessiatines" (38 million acres) were available for distribution with the result that in the majority of provinces the increase of individual property holdings of the peasants was less than half a dessiatine, or about one acre. During the early period of the revolution the peasants prospered. They paid no taxes, rents or debts. But the collapse of the currency, the cessation of private trade and the system of forced barter soon had its effect. According to the Communist theory, the peasant was to give up his grain and in return was to receive free of charge agricultural machinery, clothing and other manufactured articles. When the Soviet Government had nothing to give the peasants it took recourse to enforced requisition. Arms were distributed to workmen and the peasants were forced to deliver the grain they hoarded. The food detachments armed with rifles and machine guns collected a considerable quantity of grain. The effect of this course upon agriculture was disastrous. The peasants, realizing that their surplus would be seized immediately, reduced their cultivation to a minimum. The scarcity of food supplies due to the agri-

cultural strike was increased by the failure of rain in 1920 and 1921. A famine of immense proportions affecting over 37 million people broke out. The whole of southern and eastern Russia was affected.

The complete failure of these extreme Communist measures was one of the factors which led in March, 1921, to the revolt of the garrison of Kronstadt, the citadel of Communist power in 1917. The revolt was suppressed, but the importance of the disturbances was finally realized by the Communists who ordered a retreat from the régime of strict Communism in the Spring of 1921.

THE NEW ECONOMIC POLICY

The retreat began with what is known as the New Economic Policy. The idea of conducting the economic life of the state without wages, currency, private trade or credit was abandoned. The system of requisitioning the peasants' grain was replaced by a tax in kind and later in stabilized currency. Rationing of the inhabitants of the cities was abolished and wages were reintroduced. A new currency backed by gold was issued, and gradually displaced worthless paper money in circulation. Private trade was permitted and soon began to show signs of revival but the Communists were determined not to give way completely to capitalism. Lenin defined State Capitalism as follows: "We are no longer attempting to break up the old social, economic order with its trade, its small scale economy and private initiative, and its capitalism, but we are now trying to revive trade, private enterprise and capitalism, at the same time gradually and cautiously subjecting them to state regulation just so far as they revive." With the gradual improvement of economic conditions in Russia, the government extended its control over industry and trade and drew them together under a unified management.

National industries were coordinated to form state trusts and syndicates, under the supreme authority of the Council of Labor and Defense originally created in April,

1920, to coordinate most effectively all the resources of the country in the struggle against foreign and domestic enemies. The Council of Labor and Defense is aided by the Supreme Council of National Economy and the State Planning Commission formed of experts representing every industry, which draws up plans of production and determines in advance the volume of internal trade and purchases of grain from the peasants. Private trade, after a short period of activity, was subjected to governmental restrictions and a new commercial policy of 1924 was inaugurated to drive private capital out of the wholesale and retail market. In the place of private trade, the Soviet Government organized trading syndicates under government control and encouraged the revival of the co-operatives which during the early period of Communism had been suppressed. In spite of numerous restrictions private trade continued to hold a place in the retail market.

ECONOMIC REHABILITATION BEGINS IN 1921

Under government control economic rehabilitation gradually set in and industry began to show a steady revival of production.

In November, 1921, a new state bank was opened, but it was not until 1924 that the depreciated paper currency was finally replaced by the new *chervonetz*.* A gold reserve was accumulated and a paper currency was issued backed by this reserve. The paper *chervonetz* has been maintained at par by the state bank on the foreign exchange, but in view of the restriction placed upon the freedom of foreign exchange in Russia, it is impossible to determine what its real value, in bulk, on the international market would be.

Following the reintroduction of charges in stable currency for railroad transportation and the appropriation of government funds for equipment a steady improvement set in. At the present time, according to Soviet statistics, freight traffic approaches pre-war capacity for the same territorial area.

*A *chervonetz* is worth approximately \$5.00.

According to a statement of M. Rykoff, Premier of the Council of Commissars, agriculture has achieved 97 per cent of 1913 production in the present area of Russia.

The government subsidizes unprofitable industries from taxation and the profits of paying enterprises through the Union budget. It has developed foreign trade through its monopoly to about 50 per cent of pre-war volume.

The unified control of the national economic machine was established to render Russia as nearly independent as possible of the capitalist world. The Soviet Government, however, is heavily pressed for liquid capital and there is little probability of a rapid expansion of trade and industry in the near future without foreign aid.*

Among the economic difficulties faced by the Soviet Government is the regulation of internal prices so as to make the peasants, upon whom the whole economic system rests, receive a sufficient return in manufactured goods for their surplus grain.

CONCESSIONS POLICY AND PROPERTY RIGHTS

The new concessions policy is more liberal to foreigners. The last few months have witnessed an improvement of terms offered by the government to old concessionaries and the conclusion of important agreements with foreign capital. A most important transaction has been the sale of Russian oil to the Standard Oil of New York and the Vacuum Oil Company.

Property rights remain precariously defined. The chief guarantee offered by the Soviet Government to foreigners is that it cannot afford to expropriate titles to new concessions for fear of losing the credit standing it has succeeded in acquiring since 1921. The same, however, does not necessarily apply to nationals who are subject to onerous restrictions and sudden changes of Soviet policy.

The future economic development of Russia is closely allied to the solution of the complications arising out of Soviet foreign relations and the present party contro-

versy. An unknown factor of great importance in the Russian situation is the effect upon Soviet policy of the Anglo-Russian break, the continued friction with France and the failure to open relations with the United States. The continued isolation of Russia and the fear of foreign invasion professed by Soviet leaders exercises a constant unfavorable influence upon the normal development of her internal life. The other unknown factor is the final solution of the controversy between the more moderate elements in power headed by Stalin and the more revolutionary elements in the Opposition headed by Trotsky.

ORIGIN OF PARTY OPPOSITION

Following the death of Lenin in 1924, the question as to who would assume the leadership of the Communist Party produced a division in the party ranks which has been widening ever since. At first a triumvirate of Stalin, Kamenieff and Zinovieff was set up, which lasted until both Kamenieff and Zinovieff were dropped in 1925, leaving Stalin as the undisputed head of the party.

The center of the political rivalry within the ranks of the party is now between Stalin and the Trotsky-Zinovieff-Kamenieff alliance, known as the Opposition. Other groups, headed by Mme. Krupskaya, widow of Lenin, and Tomskey, have joined the Opposition but, in spite of keen discussion lasting over three years, the split in the party has not developed as yet into an open rift, which might threaten the party's domination of the Soviet Government.

The basic fact, which made a split within the party inevitable, was that no single individual possessed the qualities to replace Lenin and gain absolute sway over all the members of the Communist Party. This fact was universally recognized. The doctrines preached by Lenin have become the political catechism of both groups within the Communist Party. Neither Stalin nor Trotsky dare openly admit that their policies are not in perfect agreement with the teachings of the dead leader. The following quotation from a speech delivered by

*For a detailed survey of present economic conditions in Russia, see Inf. Service Supp. No. 2, *State Capitalism in Russia*, by Savel Zilmand, and Information Service Vol. III., No. 6, *The Russian Economic Situation*.

Premier Rykoff, indicates the importance attached by Communists to Lenin's teachings. "Following the death of Lenin, the party congress has been given the decisive role in the matter of interpreting Leninism in the question of applying the teachings of Lenin to the new conditions of the working class and the needs of the country. In these matters the party congress is the final arbiter."

STALIN'S POLICIES CRITICISED

The Opposition's chief criticism of Stalin's policy is that he is allowing the Soviet Union to drift gradually back to capitalism. It objects profoundly to any further extensions of the New Economic Policy initiated in 1921. It refuses to give up hope of provoking a world revolution and is suspicious of every move on the part of the government to improve its relations with the propertied peasantry. The stand taken by the Stalin government—that Capitalist society outside of Russia is not likely to be overthrown in the immediate future, that relations with the Russian peasantry must be improved because of the adverse economic pressure it exercises upon the whole economic structure of the state and that the best means by which the petty bourgeoisie of shopkeepers and middlemen can be permanently excluded from Soviet society is by securing the help of foreign

capital—is treason to the revolution in the eyes of the Opposition leaders.

The struggle between the two groups became more intense prior to the party congress of October, 1926. On October 18, the sudden capitulation of the Trotsky-Zinovieff faction was announced. The Opposition agreed to abandon all expression of criticism against the Stalin government, but retained their private views. A split in the party was patched up as far as the party congress was concerned, but in the summer of 1927 the Opposition launched a new campaign of criticism of the government's foreign and domestic policy. A special session of the Central Committee of the party was called in August to decide upon measures to suppress the irregular activities of the Trotsky group. The possibility of their exclusion from the Central Committee of the party was debated but it was finally decided merely to reprimand the recalcitrant leaders for their breach of party discipline and to permit them to present their views before the coming party congress in November, 1927. By this act the party enters a new phase in its history. For the first time it would seem that absolute and unquestioned agreement on all important questions has failed to be reached. It is clear that unless a compromise is found between the policies advocated by the two groups the Communist Party will cease to be a unit.

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ANNEX I

Who's Who in Soviet Russia

Based on *Kommunisticheski Almanak*, (Communist Almanac, 1926)

- Stalin, J. V.**—Born 1879; son of a peasant; entered the Seminary, dismissed in 1898 when he joined a revolutionary society; arrested several times between 1902 and 1913 for revolutionary activities; imprisoned between 1913 and 1917; released following the Kerensky revolution; at present General Secretary of the Communist Party; member of the Praesidium of the Third International; member of the Praesidium of the Central Executive Committee of the Soviet Union; recognized leader of the Communist Party in Russia.
- Trotsky, L. D.**—Born 1879; entered a revolutionary organization in 1898; became a member of the Menshevik faction in 1903; engaged in revolutionary newspaper work between 1907 and 1916; came to the U. S. in 1916 and returned to Russia in 1917; President of the Leningrad Soviet 1917; head of peace negotiations in Brest-Litovsk 1918; commander-in-chief of the army and navy during the Civil War 1918-20; permanent member of the Central Executive Committee and member of the Central Committee of the Party; chairman of the Concessions Committee 1925; leader of the Opposition.
- Ryckoff, A. I.**—Born 1881 of peasant origin; joined a revolutionary organization while a student; imprisoned and sent to Siberia; escaped abroad and joined Lenin in Geneva; returned to Russia and carried on revolutionary propaganda in factories; frequently arrested between 1905 and 1910; finally arrested and imprisoned in 1914 and held until 1917; released by the Kerensky Government; took part in the November revolution; at present Premier of the Council of People's Commissars; member of the Plenum of the Communist Party; member of the Central Executive Party of the Third International.
- Zinovieff, G. E.**—Born 1883; entered revolutionary organization in 1901; took prominent part in revolution of 1905; arrested, escaped and took refuge abroad; became member of Central Committee of the Party in 1907 and has held the post to the present; returned to Russia in 1917 and became chairman for a short time of the Leningrad Soviet after Trotsky; excluded from the praesidium of the Third International 1926; at present member of the Central Committee of the Communist Party; co-leader with Trotsky of the Opposition; noted for his oratory.
- Kalinin, M. I.**—Peasant origin; born 1875; received his education at the expense of a nearby landlord; entered revolutionary movement in 1898; was arrested and imprisoned several times prior to 1905; permanent member of the Party 1905-10; rearrested for revolutionary activity and imprisoned until 1917; at present chairman of the Praesidium of the Central Executive Committee; member of the Plenum of the Party.
- Rakovsky, C. G.**—Born 1873 in Turkey; Rumanian subject; doctor by profession; joined the revolutionary society 1889; went to Russia in 1899 and joined Russian revolutionary group; arrested in Rumania in 1907 for taking part in a peasant uprising; right of residence in Austria Hungary, Bulgaria and Rumania refused; frequently arrested during the war; reentered Russia in 1917 after Communist revolution and took charge of suppressing counter revolution in the Ukraine; sent as Envoy Extraordinary to Berlin and London; at present Ambassador to France; member of the Central Committee of the Party.
- Joffe, A. A.**—Born in 1883; entered Party in 1902; frequently arrested and imprisoned 1914-1917; member of the Russian delegation at the peace negotiations of Brest-Litovsk; took part in Soviets of defense during civil war; had charge of negotiations between Soviet Union and Baltic states. Member of the Russian delegation to the General Conference and first Ambassador of Soviet Union to Germany; Envoy Extraordinary to Peking in 1922; later first Envoy Extraordinary to Japan; vice-chairman of the Concessions Committee.
- Kamenieff, L. B.**—Son of an engineer; born 1883; received two years of engineering training; entered Party in 1901; frequently arrested prior to 1914 for revolutionary activity; sent to Siberia in 1914 for denouncing government's war policy; released in 1917; became permanent member of the Central Executive Committee; permanent member of the Plenum of the Communist Party; chairman of the Council of Labor and Defense; vice-chairman of the Commissariat of Trade.
- Kollontai, A. M. Mme.**—Born 1872; lived abroad until 1917 in Europe and America; became member of the Central Committee of the Party in 1917; member of the Executive Council of the Communist International; Ambassador to Norway and to Mexico; at present member of the Workers' Opposition.

Krupskaya, Mme. (widow of Lenin)—Born 1869; teacher; joined revolutionary movement and was imprisoned; has been 9 years abroad; member of the Central Executive Committee and of the Opposition.

Krylenko, N. V.—Born 1885; lawyer; joined revolutionary movement in 1906; escaped arrest in 1914 and resided abroad until 1915; returned to Russia and was sent to the front; entered Central Executive Committee in 1917; Attorney General 1920-22.

Voroshilov, K. E.—Of peasant origin; many times arrested for revolutionary activity; commanded Soviet troops in the Harkov Army district 1918-19; took part in the suppression of the Kronstadt revolt; People's Commissary for Army and Navy; member of the Plenum of the Party.

Litvinoff, M. M.—Of bourgeois origin; born 1876; entered Party at an early age; was arrested but escaped abroad; worked secretly in Russia 1903-05; arrested in nearly all European countries for revolutionary activities; first Ambassador to Great Britain 1921; Commissar for Foreign Affairs ad interim; at present Assistant Commissar for Foreign Affairs.

Radek, K.—Born 1885; entered revolutionary society in 1904; engaged in newspaper work 1906-13; took part in the Brest-Litovsk negotiations 1918; was made head of international propaganda 1918; became member of the Central Committee of the Party, and the Praesidium of the Communist International; lost both posts in 1924 for supporting the right wing of the German Communist Party; present head of the Oriental University, Moscow.

Kuybyshev, V. V.—Born 1888; became member of the Party in 1904; frequently arrested and imprisoned for revolutionary activity; 1921-22 member of the Supreme Economic Council; 1922-23 Secretary of the Central Committee of the Communist Party; at present chairman of the Supreme Economic Council.

Ossinsky, V. V.—Born 1885; graduate of Moscow University; exiled from 1912-17; joined Trotsky Opposition; Ambassador to Stockholm and to the Geneva Economic Conference; present Director of Central Statistical Administration; member of the People's Commissars.

Lunacharsky, A. V.—Joined the revolutionary party in 1897; took refuge abroad and did not return to Russia until 1917; was made Commissar for Education; has held the post since.

Rudzutak, J. E.—Vice-Chairman of the Council of People's Commissars; Commissar of Transportation; member of the Plenum of the Party.

Tsurupa, A. D.—Born 1870; Vice-Chairman of the Council of People's Commissars; member of the Central Committee of the Party.

Mikoyan, A. I.—Commissar for Foreign and Domestic Trade; substitute member of the Plenum of the Party.

Chicherin, G. V.—Commissar for Foreign Affairs.

Briukhanov, N. P.—Commissar for Finance.

Bukharin, N.—Member of the Plenum of the Party; head of the Third International; Editor of *Pravda*.

Tomsky, M.—Member of the Plenum of the Party; member of the Praesidium of the Trade Union Council.